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Cineplex CEO's road to success? A complete 360

Sought co-workers' feedback on his skills as entrepreneur in making career decision

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TORONTO -- About to be given the pink slip, Ellis Jacob wondered whether he had the royal jelly to start his own company, and take on the top job of running it.

Rather than rely solely on his own opinion, he decided to find out whether others he worked with thought he had what it takes.

Their positive responses gave him some of the adrenaline to take the plunge in kicking off a new movie chain targeting smaller cities and towns -- a decision that eventually led him to the top job at Canada's largest theatre chain.

"It's always good to get feedback from all angles of your career," says the 53-year-old chief executive officer of Cineplex Entertainment LP in an interview at his Toronto headquarters.

Mr. Jacob's initiative in asking for "360-degree feedback" -- a human resources appraisal tool using confidential interviews with bosses, peers and subordinates -- to learn others' views of his entrepreneurial skills is rare. It is usually used inside companies to help executives improve on-the-job performance or qualify for promotions.

But experts say that executives who want to learn how far they can stretch themselves would be wise to follow Mr. Jacob's lead. It's the very kind of thing that can help them figure out whether they have the goods to make the leap from a corporate to an entrepreneurial corner office.

"Many of the skills required to operate well in a corporate environment are different from the skills that are needed to be an entrepreneur," says John Challenger, CEO of Chicago-based global outplacement consultancy Challenger Gray & Christmas Inc. "Entrepreneurs are essentially risk-takers."

It was eight years ago when Mr. Jacob, then chief operating officer at Cineplex Odeon Corp., was preparing for his next move after the company was acquired by the U.S.-based Loews theatre group. That's when he opted to get the appraisal of his entrepreneurial smarts with the help of an outplacement firm.

After getting a positive response from the 360-degree review, he started the Galaxy cinema chain in 1999 (after honouring a one-year, non-compete clause in his severance package). With subsequent mergers and acquisitions, he has now come full circle, heading up the theatre chain that operates under the Galaxy, Cineplex Odeon and Famous Players brands.

Mr. Jacob says he took a "pretty big risk" starting the Galaxy chain because the cinema business was going through tough times -- especially in the U.S. with its overbuilt megaplexes. But he says that he and a Cineplex colleague with whom he started Galaxy were "passionate" about their idea that a market existed in smaller centres for cinemas that could offer the same bells and whistles as big-city multiplexes.

Mr. Jacob invested \$500,000 of his own money from his severance pay into the new venture. He didn't take a salary for a couple of years, opting instead to take equity in the chain. But he was able to get financial backers, including Toronto-based Onex Corp., which provided seed capital to buy a small Ontario chain of seven cinemas that provided a base for Galaxy.

An accountant by training with an MBA from York University, Mr. Jacobs did stints with major corporations like Ford Motor Co. and Motorola Canada before he joined Cineplex Odeon in 1987. As its chief financial officer, he helped bring the upstart movie chain back from the brink by 1993, and was promoted to COO in 1996.

Mr. Jacob says he sought the 360-feedback for "comfort" and "reconfirmation" that he should pursue his idea. "Most people thought I was a focused, tenacious individual and determined to get to the end goal, and that proved out at Cineplex," he recalls.

He willingly gave names of co-workers to the outplacement counsellor for his review. But Mr. Challenger warns that job loss -- whether from downsizing or takeovers -- is often "an emotionally difficult" time to approach co-workers for feedback. He suggests that a similar type of review might be better conducted from other sources, such as a spouse, co-workers from previous jobs or people from non-profit groups that a person might have had dealings with.

Andrea Waines, who conducted Mr. Jacob's 360-review when she was with outplacement firm Miller Dallas Inc. in Toronto, concedes Mr. Jacob's use of this tool was unusual, but suggests it is a "very helpful way" to get feedback on one's capabilities and potential.

"In many situations [however], people are less open to the feedback than Ellis was," cautions Ms. Waines, who interviewed eight to 10 people suggested by Mr. Jacob.

"These kinds of feedback tools are most effective when the individual who is undergoing it embraces the quality of the information that comes out of it, and is very open to the feedback," says Ms. Waines, now a partner with search firm Heidrick & Struggles in Toronto.

While Mr. Jacob admits he got what he "wanted to hear" from the feedback, he warns that also takes a good business plan and the right team to make it happen.

Would he have started Galaxy if the 360 feedback was negative?

"I probably would have been a little more circumspect going forward," he says with a smile. "I may have done it anyway, looking back. It's hard to say."

360-degree feedback

Pros

The appraisal is kept confidential so information should be objective.

The feedback can motivate individuals to change behaviours that impede career progress.

Positive reviews can help boost confidence and self-esteem.

Multi-sourced feedback gives a better picture of performance.

Cons

The person getting the feedback handpicks sources for the interviews, so the deck could be stacked toward a biased conclusion.

Any leak about the source of negative feedback could create office tensions.

People may not be frank for fear that honest feedback could come back to haunt them.

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